

April 4, 2006

Mary Rupp, Secretary of the Board  
NCUA  
1775 Duke Street  
Alexandria, V 22314-3428

Re: Comments on Supervisory Committee Audits Rules

Dear Ms. Rupp:

I am writing to share my comments regarding NCUA's efforts to modify its Supervisory Committee Audit Rules. My comments are written to address specific questions as noted.

Question 5: Although there are some efficiencies in this, I see a potential conflict of interest in that a finding by an auditor that internal controls are not OK might preclude the same auditor from judging the financial statements to be OK. By separating the reviews you get some additional oversight of one auditor over another and should get a more thorough review by both.

Question 9: I don't think the COSO framework should necessarily be mandated, rather it should be offered as a viable option to credit unions that want to use it. It actually could serve as a good model or guide for us because it allows a certain amount of flexibility in determining what we are going to attest to.

Question 10: There is a wide range of skills that committee members need in order to cover all the bases of committee issues and activities. I think it would be very difficult to mandate a set of skills in any way other than a very general way. That might consist of listing a series of skills that would be helpful to the committee like banking, financial management, accounting, business management, etc. We find at various times there are a lot of other skills that come in handy, like technical knowledge related to data security, or experience with contracts and the bidding process. So it might be that a good way to approach this whole area would be for NCUA in its examination process look at the skill set of committee members and making a recommendation that something that is deemed to be in short supply be added to the committee if possible.

Thank you for your time and attention in considering my comments. If you have any questions or would like to discuss this directly, please feel free to get in contact with me through Becky Byland at 763-391-0593 or [bbyland@toplinecu.com](mailto:bbyland@toplinecu.com).

Sincerely,

Tom Kleinschmit  
Chair, Supervisory Committee

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